

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 DODE-00 NSAE-00 RSC-01 TRSE-00

AEC-11 CIAE-00 COME-00 SS-20 L-03 SAJ-01 NSC-07

INR-10 SPC-03 AID-20 CIEP-02 STR-08 OMB-01 CEA-02

DRC-01 /127 W

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R 271538Z MAR 74

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 7295

C O N F I D E N T I A L MOSCOW 4439

E.O. 11652: GDS

TAGS: ETRD US UR

SUBJ: SOVIET INTERESTS IN US AIRCRAFT PURCHASES

REF: A. MOSCOW 3414

B. MOSCOW 3541

C. MOSCOW 3858

1. DISCUSSIONS CONDUCTED BY SOVIETS DURING RECENT MOSCOW VISITS OF BOTH LOCKHEED AND MCDONNELL-DOUGLAS SALES TEAMS INDICATED THAT USSR INTEREST IN ESTABLISHING CLOSE TIES WITH MAJOR WIDE-BODIED AIRFRAME MANUFACTURER INCLUDES: (1) SOVIET PURCHASE OF TEN OR MORE AIRCRAFT; (C) US PURCHASE OF AT LEAST TOKEN NUMBER OF SOVIET AIRCRAFT; (3) JOINT DEVELOPMENT OF DERIVATIVE MODEL OF ONE OF WIDE-BODIED PLANES ALREADY IN PRODUCTION; AND (4) EVENTUAL TRANSFER TO SOVIETS THROUGH LICENSING, PURCHASE AND/OR "MUTUALLY BENEFICIAL" SCIENTIFIC/ TECHNOLOGICAL EXCHANGE OF PROCESSES AND EQUIPMENT FOR MANUFACTURE OF WIDE-BODIED AIRCRAFT.

2. SOVIETS APPARENTLY CONTEMPLATE USING WIDE-BODIED AMERICAN AIRPLANES ON HIGH-DENSITY MEDIUM HAUL ROUTES BETWEEN MOSCOW/LENINGRAD AND SOUTHERN RUSSIAN CITIES
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(POSSIBLY ALSO TO CENTRAL ASIA) RATHER THAN ON INTER-

NATIONAL ROUTES. TO PRESERVE DOMESTIC REPUTATION OF SOVIET MANUFACTURERS AND ALSO TO OFFSET PURCHASE PRICE OF US AIRCRAFT, THIS PROPOSAL IS TIED TO SALES OF AT LEAST TOKEN NUMBER OF SOVIET-BUILT AIRCRAFT. THE YAK-40 AND CARGO-MOVING HELICOPTERS HAVE BEEN MOST PROMINENTLY MENTIONED IN THIS CONNECTION.

3. ACCORDING TO SOVIETS, GOAL OF JOINT WORK ON DERIVATIVE MODEL OF WIDE-BODIED PASSENGER JET WOULD BE TO INCREASE RANGE TO ABOUT 11,500 KILOMETERS (SUITABLE FOR MOSCOW-TOKYO FLIGHTS) AND SPEED TO THAT OF BOEING 747, WITH WHICH THE RESULTING PLANE WOULD BE COMPETITIVE. AT THAT STAGE IN COOPERATION BETWEEN US AND SOVIET MANUFACTURERS, SOVIETS MIGHT BEGIN SUPPLYING SOME OF STRUCTURAL COMPONENTS (BRACES, SMALL METAL STAMPINGS) FOR USE IN US PLANT AS WELL AS SOVIET MANUFACTURING FACILITY.

4. IN SOVIET VIEW, REPAYMENT TO US SIDE WOULD COME FROM PARTS SUPPLY TO US PARTNERS AND FROM SALE OF JOINTLY-PRODUCED AIRCRAFT IN THIRD-COUNTRY MARKETS. AS JOINT PRODUCTION WOULD PRESUMABLY REQUIRE IMPORT OF US-BUILT MACHINERY AND EQUIPMENT TOGETHER WITH AMERICAN EXPERTISE IN PRODUCTION-LINE LAYOUT AND QUALITY CONTROL PROCEDURES, SOVIETS SEE TRADE BALANCE IN THIS AREA AS HEAVILY WEIGHTED AGAINST SOVIET SIDE IN SHORT TERM AND APPROACHING EQUILIBRIUM ONLY AFTER FIVE-SEVEN YEARS. CONCEPT NONETHELESS IS DEFINED AS SELF-LIQUIDATING IN LONG RUN.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, AIRCRAFT SALES, JET AIRCRAFT, TRANSPORT AIRCRAFT
Control Number: n/a
Copy: SINGLE
Draft Date: 27 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MOSCOW04439
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740066-1041
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740311/aaaaakfm.tel
Line Count: 91
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A. MOSCOW 3414
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 04 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 JUN 2002 by rowelle0>; APPROVED <04 FEB 2003 by GolinoFR>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SOVIET INTERESTS IN US AIRCRAFT PURCHASES
TAGS: ETRD, US, UR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005